

CHAPTER 5

RECEIPTS AND EXPENDITURES

As a senior Ship's Serviceman, you will have important responsibilities in the areas of receipt, stowage, and expenditure of ship's store stock. It will be your goal to plan all these procedures so they are done efficiently and accurately.

RECEIPTS

Receiving ship's store stock on board generally includes preparation, inspection, relocation, stowage, processing, posting of records, and payment of dealers' bills. Proper receipt of material is vital in establishing and maintaining control of the ship's store operation. From the time merchandise is ordered until it is safely stowed and shown on applicable records, you must assist the ship's store officer in making certain all proper control procedures are carried out.

PREPARATION FOR RECEIPT

Before the actual receipt of merchandise, there are several matters that must be supervised. Proper attention to each of these matters will help you to ensure that an efficient receipt procedure will take place.

Date and Time of Delivery

Nothing could be more embarrassing for a ship's store division than to see a truck that is carrying the cigarette, cigar, and pipe tobacco order drive up the pier just as the line is being hauled in before the ship's departure from port. When you are selecting a day for delivery, you must consult the ship's operating schedule. Dates of arrival and departure from port are seldom desirable because of the increased workloads on other departments. You will find it difficult to get working parties and to allow for the possible difference between the actual and planned time of the ship's movements. You should also avoid days of inspections along with

weekends and holidays. In addition, you should carefully observe the daily work schedule to find a time of delivery that will not interfere with the crew's meal hours or liberty. Finally, you must make certain the supply personnel required for the actual receipt will be available.

Authorized Inspection

Before receipt of the merchandise, an authorized inspector, either the ship's store officer or a designated representative, will be assigned. The job of the inspector will be to proceed to the pier with copies of the procurement document from the Outstanding Purchase Order File or Outstanding Requisition File and to inspect the merchandise carefully for quantity and condition.

Working Party

Before the delivery of the merchandise, you should notify the executive officer as to the number of personnel you will need for a working party. The number of personnel to be assigned will be based on your estimate of the amount of material to be received and the amount of handling that will be needed to move the material below decks. If possible, you should use personnel from your own department. Since, in most cases, ship's store stock is highly pilferable, you will be able to maintain control of the stock more efficiently by using your own people in the working party.

Routing Plan

You should design a routing plan in advance so material can be moved to its destination as quickly as possible and with maximum security. In the case of large receipts, your own people will usually be assigned as checkers and spotters. Your people should know in advance if they are to help check material on the pier or to stand at key places

throughout the ship to guide the material along the prearranged route to the correct storeroom.

Bulk Storeroom

The storerooms should be prearranged before the receipt. This task includes making room for the incoming material, general straightening and rearranging of stock into like groups, and moving materials to allow for the rotation of old stock. At the actual time of receipt, the bulkroom custodian should be standing by at the bulk storeroom.

SUPERVISING RECEIPTS

The ship's store officer or you, as a leading petty officer, must always be on hand to supervise the unloading of ship's store stock, whether delivery is being made from a truck, helicopter, or highline transfer. Although deliveries are generally made in a routine manner, there are occasions when cargoes must be transferred on the open sea during rough weather or under some other difficult circumstance. It is this type of situation that will tax your skill and experience to the fullest. You will not have time to look up the answers in the NAVSUP P-487 when you are besieged by questions from a 20-man working party or when you are trying to assort a handful of invoices on a wet, heaving deck. In cases like these, it always pays to know your job, and to know it well.

Receipts On Board Ship

As the ship's store stock arrives, the quarterdeck notifies the sales office and calls away the working party. You, as the authorized inspector and/or supervisor, must proceed to the pier with copies of the procurement document.

When stores are delivered in large quantities, they are usually stacked on the deck or the pier until the packages can be identified, counted, and checked against the shipping papers. It is here that you should have the piles sorted into lots. Make certain you direct the working party to place the material in a relatively quiet spot. The checking process will take some time. You will not want to deal with the complaints that you will surely receive if you block a busy passageway with large quantities of assorted packages. In bad weather, you should have tarpaulins on hand to protect the stock from rain and salt spray while the inspection is in progress.

After you have identified the items and assorted them into the proper groups, you should count them and compare the quantity received with the amounts shown on the shipper's invoice and the file copy of the original invoice. For receipts from commercial sources, you should check the quantity of each item received against the quantity ordered in block 20 of the DD 1155. If the quantity received and quantity ordered are in agreement, just circle the quantity ordered/received. If they are not in agreement, you will have to enter the quantity actually received and circle it. You should then sign and date the DD 1155 in block 26 and check the appropriate blocks. The DD 1155 (Ship's Store) does not become an actual receipt document until you have completed these actions. For merchandise received from other supply officers, you should circle the quantity received and then sign and date the document. Next, you should have the boxes numbered and struck below in numerical order. Numbering the boxes in this manner will make it easy for you to determine if a box is missing when the stock is delivered to the storeroom. After all the material has left the pier or dock, you should forward the signed documents to the ship's store officer.

When the material reaches its final destination, it should be checked by the responsible custodian to be sure all boxes have arrived and are unopened. The custodian must count all the merchandise and note the quantity received just as you did when the stock first arrived. For receipts from commercial sources, the custodian should use the copy of the procurement document held in the Incoming Material File. For receipts from other supply officers, the custodian should use a copy of the DD 1348 or DD 1348-1 (automated activities) that accompanies the received material. Instead of certifying the documents, however, the custodian must sign for responsibility by placing the accountability stamp on the document and then signing and dating the stamp. From this point forward, the bulk storeroom custodian assumes legal responsibility for proper disposition of the material and forwards the responsibility document to the ship's store officer.

Receipts Directly Into the Ship's Store

Occasionally, it may be more logical or convenient for you to deliver a receipt of stock directly to the retail store or to one of the service activities. (A special order is an example of a direct delivery.) You should remind the recordskeeper

that this type of receipt should be handled just as though the merchandise had been physically routed through the bulk storeroom. The only basic difference in the routing procedure is that the retail store operator or the Ship's Serviceman in charge of that service activity should acknowledge receipt and custody on a copy of the receipt document. However, the recordskeeper should post and file this copy just as though the merchandise had been received in the bulk storeroom.

The recordskeeper should also assign an intrastore transfer number from the Number Control Log (NAVSUP 980) to a second copy of the receipt document rather than preparing an Intrastore Transfer Data (NAVSUP 973) form. The retail store operator or service activity custodian should then sign the second copy of the receipt document. The recordskeeper should post the second copy as a breakout to the Financial Control Record (NAVSUP 235) and the Stock Record (NAVSUP 464). Then the recordskeeper should file the second copy in the ship's store officer's Accountability File. In a combined operation, of course, a second copy of the procurement document would not be required.

Short, Excess, or Damaged Shipments

As mentioned above, both you (as the authorized inspector) and the storeroom custodian should carefully inspect the shipment for quantity and condition. If factory-packed cases appear to be unopened, you can accept the quantity shown on the outside of the container. However, you should always check any repacked cases and containers that have been taped shut. Both you and the storeroom custodian should record any discrepancies that appear in either quantity or condition on your respective copies of the procurement document.

FROM OTHER SUPPLY OFFICERS (O.S.O.).— If the amount of merchandise received from another supply officer is short of the amount shown on the receipt document, you can sign only for the quantity you have actually received. If merchandise from another supply officer is damaged, you can sign only for the quantity you actually received that was in acceptable condition. However, because the material is already in the Navy Stock Account (NSA) and your ship has already been charged for the amount on the receipt document, the recordskeeper must take up the full value of the receipt document on the ship's

records. You should expend the shortage by survey from the Navy Stock Fund (NSF). You should then forward an information copy of the survey document to the issuing activity.

But what should you do when you receive a shipment of merchandise that is in excess of the amount shown on the receipt document? Again, you should sign only for the quantity of stock that you have actually received. To account for the excess stock, the recordskeeper should prepare and post a DD 1149 marked Gain by Excess Receipt. You should make certain a copy of the Gain by Excess Receipt invoice is sent to the issuing activity for information and for other action as deemed necessary.

FROM PURCHASE.— For receipts from commercial sources, you should sign only for the quantity of merchandise you received that was in acceptable condition. The recordskeeper should post this quantity to the ship's records. If there is a difference in quantity, you should notify the vendor as soon as possible and request a corrected dealer's bill. Other arrangements can be made, such as replacements for damaged merchandise or fills for shortages, but these arrangements must be done before the completion of the receipt document. If the corrected dealer's bill is not received within 10 days or before the ship's departure, the incorrect dealer's bill should be processed for payment. The paying office will pay only that part of the bill that agrees with the certified purchase document. Dealers' bills not subject to discounts will be forwarded for payment within 10 days from the date of the receipt of the material or the dealer's bill, whichever is later.

Receipts of Partial Shipments

On occasion, you may receive a shipment of merchandise that will only partially complete an outstanding order or requisition. You may also suspect that the remainder of the shipment will arrive at some future date. For example, the invoice contained in the partial shipment may show that the remainder of the order will be sent later. In cases like these, you should mark Partial Shipment on the receipt document and show the quantities that you received. You should then process the receipt in the regular manner. You should use additional copies of the receipt document for processing all subsequent receipts of the remaining items of the shipment. (You should use a new receiving number from the Journal of Receipts [NAVSUP 977] for each

subsequent receipt.) Continue this process until you receive the entire shipment for the merchandise you ordered.

Receipts of Shipments Without Invoices

Occasionally, you may receive stock that is not accompanied by an invoice. In these cases, the recordskeeper should prepare a dummy invoice on a DD 1149. You should make certain this form is plainly marked Dummy. Use the dummy invoice in the same manner as you would use an invoice from the issuing activity. Consequently, the recordskeeper should include all pertinent information on the dummy invoice that would have appeared on the invoice that should have accompanied the shipment. If the unit price of an item you have received is not available to you, you should use the unit price of the same or similar item already carried in stock.

If you receive the invoice from the issuing activity later in the same accounting period, the recordskeeper should replace the dummy invoice with the invoice provided by the activity. The recordskeeper should then correct the office records to show any differences in the values shown on the dummy invoice and those on the actual invoice.

If the actual invoice is received in a subsequent accounting period, you should make certain the recordskeeper follows another procedure. The recordskeeper should attach the actual invoice to the dummy invoice. The recordskeeper should then file these invoices in the retained returns for the accounting period in which the dummy invoice was reported. If differences in value exist between the two invoices, the recordskeeper should prepare an adjustment on a DD 1149 to show the debit or credit amount. The records keeper should then report the net difference on the Journal of Receipts (NAVSUP 977) and should include this amount as a receipt in the next set of returns.

Receipts of Bonus-Free Items

Beware of free items! Wherever ship's store items are being ordered, vendors are always offering bonus-free items in various forms. One example of a bonus-free item is when you order 11 tubes of toothpaste and you are offered one free. Another example is when you buy 500 toothbrushes and you are offered a free watch or a free camera.

The DD 1155 covering the merchandise ordered and the bonus-free items must show the description, quantity, and unit cost price of the ordered items. The form must also include a separate listing of the quantity, description, and the no-cost value of the bonus-free items. You must make certain the following statement appears on the face of the procurement document:

"The vendor will indicate on the invoice the description, quantity, and unit cost price of ordered items. The description, quantity, and normal unit cost price of the bonus-free items will be listed separately on the invoice at no-cost value."

When bonus-free items are identical, you should post the total quantity to the applicable stock record card. But when bonus items are not identical, you should post the total quantity of the ordered items only to the applicable stock record card. If you are currently carrying items in stock that are identical to the bonus-free items, you should post the bonus-free items to the applicable stock record card. If the bonus-free items are new items and authorized for sale but you do not currently have them in stock, you should prepare a new card. You should enter the quantity and normal unit cost on the new card. Based on the normal unit cost price of the item, the ship's store officer will establish a unit selling price for the bonus-free items. You should sell the bonus-free items just as though they were regularly ordered items.

AUDITING RECEIPTS

An accurate set of ship's store returns depends to a large extent on the accuracy with which receipt files and records are kept. Thus, it is very important that you, as the senior Ship's Serviceman, audit the processing, posting, and distribution of receipt documents with considerable care. To stay abreast of procedures, remember to keep your NAVSUP P-487 current.

Processing Receipt Documents

The inspection copy signed by the authorized inspector and the responsibility copy signed by the custodian must be checked for agreement on the quantities of stock received. If they do agree, the copy signed by the custodian becomes the Accountability File copy and holds the custodian responsible for all stocks received. The ship's

store officer should put all such copies under lock and key. The authorized inspector's copy is given to the recordskeeper who will extend that copy plus all other copies in the Outstanding Purchase Order File or Requisition File. The recordskeeper should then detach one copy (any copy except the original of the authorized inspector's copy) to use for posting.

Discrepancies in counting between the authorized inspector and the bulk storeroom operator should be rare events. When they do occur, immediate investigative action should be taken by the ship's store officer or the leading petty officer. When unresolved, differences in counting may result in items being surveyed. If you try to maintain proper security throughout the receiving process, discrepancies should be few.

Posting

The detailed procedures for posting receipt documents to the Journal of Receipts, Financial Control Record, and the Stock Record are contained in the NAVSUP P-487 and the *Ship's Serviceman 3 & 2*, module 2. As an auditor, you should establish a system by which you can examine the receipt procedures used by the recordskeeper. You can refer to the checklists in the appendixes of your NAVSUP P-487. Some of the questions you should ask are those that should be asked in any receipt audit.

- Have all vouchers been extended correctly at cost and selling price?

- Does the amount posted to the Journal of Receipts represent the basic cost of the merchandise plus transportation, less credit memos (if any), less discount?

- Are consecutive receiving numbers assigned to each receipt document beginning with the number 1 each accounting period?

- Are receipt amounts posted to the correct column of the Journal of Receipts (NAVSUP 977)?

- Does the total of the Journal of Receipts columns agree with the cost total of the Receipts from Purchase and Receipts from O.S.O. files?

- Are receipts posted to the Financial Control Record (NAVSUP 235) at retail price only in a combined operation?

- Are receipt quantities posted to the applicable stock record card?

- For a separate operation, is the receipt quantity posted to the Balance in Bulkroom or Warehouse column of the stock record card?

- Are changes in the unit of issue, description, cost price, or selling price recorded on the stock record card?

- Is the posting copy of the receipt document initialed to show all posting has been done?

- Is the date received posted to the Purchase Order Log or to the Requisition Log?

Processing Dealers' Bills

Normally, a dealer's bill accompanies the procured material or arrives by mail shortly thereafter. When a dealer's bill does not come with the merchandise, you should contact the vendor as soon as possible so payment can be made within the prescribed time. (In most cases, the prescribed item limit is 10 days after receipt of the material.) Whenever you receive a dealer's bill, you should check it against the original inspection copy of the DD 1155 (Ship's Store). If both documents agree, the original and three copies of the dealer's bill and the original and one copy of the DD 1155 (Ship's Store) should be submitted to the nearest paying activity for preparation of the NAVCOMPT 2277. (One of these copies must bear the authorized inspector's original certification.) Remember, the submission of these documents must take place within 10 days from the date of receipt of the merchandise or the dealer's bill, whichever is later.

Discounts

Whenever dealers' bills offer discounts, you must make certain the discounts are taken within the prescribed time limits. The discount usually begins on the date the material is delivered or on the date a properly certified invoice is received in the appropriate Navy activity, whichever is later. Each dealer's invoice that offers a discount should be identified by a NAVCOMPT 442 stapled in the upper left corner. You should make certain this action is taken even if the discount has already been lost. In fact, checking to make certain this identification procedure has been carried out

properly is an important part of your internal receipts audit.

Fast Pay Procedures

When you are ordering from the *Ship's Store Contract Bulletin*, the *Ship's Store Afloat Catalog*, or the Navy exchange, you may find that fast pay procedures apply in some cases. Again, the document you must use is the DD 1155, but the payment procedure is somewhat different from the ones discussed previously. As auditor, you must make certain the appropriate procedures are being followed.

The DD 1155 should be prepared and distributed by your ship according to NAVSUPINST 4200.52. This instruction authorizes the supplier to forward the dealer's bill along with the original purchase order to the designated paying activity. The DD 1155 should be marked Fast Pay Procedures Apply for orders of \$2,500 and under and Certificate of Conformance Procedures Apply for orders in excess of \$2,500.

Under fast pay procedures, the supplier assumes responsibility and risk for supplies that have not been received, have been damaged, or are not in conformance with the Order for Supplies or Services/Request for Quotations (DD 1155). Replacements, repairs, or corrections should be at the supplier's expense. This condition remains in effect provided the supplier is advised within 90 days. The 90-day period starts from the date the merchandise is delivered either to a post office or a common carrier or is placed in shipment by other means to a point where it is first received by the government. The supplier and NAVRESSO (Code SSD) must both be notified immediately concerning any supplies that are damaged, not received, or not in conformance with the information on the DD 1155. For ease of identification, a copy of the DD 1155 should be included in the notification that is sent to the supplier and to NAVRESSO. Also, a copy of the notification and the DD 1155 should be sent to the appropriate fleet accounting and disbursing center (FAADC). All ship's store items that are received under fast pay or certificate of conformance payment procedures should be accounted for in the same manner as are receipts from other purchases of ship's store stock.

Distribution to Files

Finally, as an auditor, you must check the receipt files to determine whether documents are

being properly distributed and contain the necessary information. You should ask yourself the following questions.

- Are the receipts from purchase filed separately from the receipts from other supply officers?
- Do the complete purchase order copies contain payment information?
- Is the Outstanding Purchase Order File checked weekly in case a follow-up letter to the supplier is required?

The distribution of each type of receipt document is contained in the appendixes of this training manual and in your NAVSUP P-487.

STOWAGE

As an SH1 or SHC, you will be required to plan for and supervise the stowage of ship's store stock in the bulk storerooms. As your ship prepares for an extended deployment, you will be consulted as to how the necessary stock can be stowed in the limited space usually available. *Ship's Serviceman 3 & 2*, module 2, contains a detailed discussion of many aspects of stowage such as security, classification of material, principles of storeroom layout, storeroom maintenance, and materials-handling equipment. In addition, the NAVSUP P-487 contains a brief discussion of the stowage of specific items such as clothing, film, and tobacco. In this section, several of the most important guidelines that should be followed in supervising stowage will be discussed. An obvious first consideration is security.

To prevent pilferage, ship's store stock must be stored in locked spaces. Stock must not be kept in compartments or storerooms with other materials that are not in the custody of the person responsible for ship's store stock. The regulations concerning custody of ship's store stock are contained in the NAVSUP P-487.

Once a custodian is put in charge of the bulk storeroom, that person assumes full responsibility for all stock in these spaces and for all stock coming in or going out. Except in emergencies, no one should be allowed in the space when the responsible custodian is not present. The custodian must be on hand when inventories are taken and must stand by the spaces during material inspections.

In supervising the stowage of stock in the bulk storeroom, you must also make certain the stock is being rotated according to the first in, first out (FIFO) method. The bulk storeroom custodian can do this by marking all cases with the month and year of receipt and then ensuring that material with the earlier dates is used first. Cigarette and candy manufacturers will help you in proper stock rotation by using codes to identify the month, year, and, at times, week that the product is made. You can consult NAVRESSOINST 4067.4 for a current listing of manufacturers' age and stowage codes. You can, at times, obtain manufacturers' codes from local vendors as well.

When stocks of items are received, the code must be deciphered and the plain text for the manufacture date must be recorded on the case. In the receipt process, try to move out the old stocks and put the new stocks on the bottom.

The perishable items you receive, such as candy, cookies, tobacco, film, and fountain supplies, require special attention. As a supervisor, you must make certain the people who have custody of the stocks handle them with special care. Use dunnage, keep cases away from steam pipes, and allow for maximum ventilation. Exert the necessary effort to keep your stocks clean, fresh, and desirable. Your patrons will appreciate your efforts.

You must enforce fire regulations at all times. Any person in charge of ship's store stock must be made aware of the responsibility to protect the stock from loss by fire. Even a fire that is quickly extinguished can cause extensive damage. Make sure everyone observes the smoking regulations and the storeroom is kept clear of oily or dirty rags or combustibles of any sort. Oily, dirty, or greasy materials lend themselves to spontaneous combustion. They may also contaminate the stock as a result of their previous usage.

You should become acquainted with the locations of the fire-fighting equipment in your area. You should also be familiar with the methods used in extinguishing fires. Information on this subject may be found in the current edition of *Basic Military Requirements*, NAVEDTRA 10054.

BREAKOUTS

Considerable movement of stock occurs between the bulk storeroom, the ship's store, and the service activities. When this movement of stock affects the responsibility of one or more custodians, it must be documented. The term *intrastore transfer* applies to this type of

movement of stock. There are two types of intrastore transfers: breakouts and issues for use. Although the two types are documented in much the same way (Intrastore Transfer Data, NAVSUP 973), an issue for use is actually a type of expenditure and will be discussed under that section of this chapter.

A breakout is the transfer of stock between responsible custodians when the stock is intended for ultimate resale. The most obvious example of a breakout would be the movement of retail items from the bulk storeroom custodian to the operator of a retail outlet (separate operation). It would also apply to the movement of cost of sales items from bulk to the operators of the vending machines and fountain. Such items require further processing, but they are eventually still sold for cash. In a combined operation, documentation is not required for a breakout since one person is responsible for both the resale activity and bulk. The intrastore transfer procedures are detailed in *Ship's Serviceman 3 & 2*, module 2, and in the NAVSUP P-487. As a supervisor, you should make certain your ship's store personnel are adhering to the step-by-step procedures for processing and posting the NAVSUP 973. Use the information on intrastore transfers in the appendixes of this rate training manual to audit the procedures. Also, you should frequently check to see that the proper security precautions are being taken for any movement of ship's store stock about the ship. A route should be planned and checkers and spotters should be used just as when you are receiving stock aboard ship. Until stock has been sold, used, or otherwise expended, it remains the responsibility of the custodian. You should remind your ship's store personnel of this fact frequently.

RECEIPT OF STOCK ON SHIPS WITHOUT SUPPLY CORPS OFFICERS

Except for the areas of shortages in shipment, posting, and distribution, the receipt procedures for ships without Supply Corps officers should be quite similar to those described for ships with Supply Corps officers. You can find detailed procedures in the NAVSUP P-487.

SHORTAGES IN SHIPMENT

In the case of a shortage in a shipment from another supply officer that is received on board

a ship without a Supply Corps officer, the recordskeeper should list the quantity of the shortage on the original and all copies of the receipt document. The original should then be signed by the ship's store officer and returned to the transferring activity. When the shortage is attributable to the commercial carrier, you should note complete information concerning the shortage on the government bill of lading or other shipping document. A copy of that shipping document should be attached to the copy of the document forwarded to the appropriate paying activity along with the transmittal of vouchers at the end of the month. A survey should also be prepared for the amount of the shortage in shipment.

POSTING

Upon obtaining the receipt document signed by the responsible custodian, the recordskeeper should remove the additional copies that were filed in the Requisition/Receipt Invoice File at the time of procurement. Since the bulk storeroom and the retail store are usually the responsibility of one Ship's Serviceman (combined operation), the recordskeeper should enter the quantity and the unit retail price on all copies of the receipt document.

Actual posting should then be done as follows. The date of receipt and the receipt invoice number should be entered in the Requisition/Receipt Invoice Log that was mentioned in chapter 4. The quantity received should be entered on the appropriate Stock Tally (NAVSUP 209) card. Any change in unit cost or selling price should also be entered. On ships without Supply Corps officers, there is no Journal of Receipts (NAVSUP 977) or Financial Control Record (NAVSUP 235).

DISTRIBUTION

After verification, the responsible custodian should acknowledge custody of the stock by signature on a copy of the receipt document. The signed receipts should be kept under lock personally by the ship's store officer. Two copies of the receipt document should be forwarded to the appropriate FAADC along with the transmittal of vouchers at the end of the month. One copy of the receipt document should be signed by both the ship's store recordskeeper and the ship's store officer. One copy of the signed receipt document must be retained on board for the ship's store records.

EXPENDITURES

Expenditures are the legal procedures you can use to remove ship's store stock from the accountability of the ship's store officer. As a senior Ship's Serviceman, you will be responsible for making certain expenditures are done according to issued regulations. You will also be expected to handle the miscellaneous transactions associated with the various types of expenditures that you must use. The procedures you should follow are discussed in detail in NAVSUP P-487 and in *Ship's Serviceman 3 & 2*, module 2.

SUPERVISING EXPENDITURES

There are four methods you can use to expend stock.

1. TRANSFERS—the movement of stock from the accountability of one sales officer to that of another. (Accountabilities are reduced and increased as appropriate.)
2. ISSUES—expenditures of stock for some further purpose, usually for shipboard use. (Accountabilities are reduced.)
3. SURVEYS—expenditures of stock for immediate disposal. (Accountabilities are reduced.)
4. SALES—expenditures of stock for which cash is received. (Accountabilities are unchanged.)

In addition, there are two other types of expenditures that do not fall under the four basic methods.

1. Price changes (markdowns below cost)
2. Claims for reimbursement for personal property

Transfers

In chapter 4, a transfer of stock from other ships was mentioned as one of the possible procurement resources of ship's store stock in certain situations. As well as being the recipient of stock from other ships, your ship might occasionally be the supplying activity.

Another ship might request brand X cigarettes because of a shortage in stock. Your ship maybe the only source in the area that can fill the request. You should be able to examine the Stock Record (NAVSUP 464) for brand X cigarettes to determine how many cartons you have on board, the usage rate, and the low limit. If your supply is

nearly at the low limit, you must determine the time frame within which you could replenish your stock. Are there any outstanding requisitions for brand X cigarettes? Are you scheduled for under-way replenishment by an AFS in the near future? You must take all these things into consideration before completing a transfer.

Your ship might also be overstocked with some merchandise. You should advise the ship's store officer to place the overstocked merchandise on an excess stock list. As a result, another ship may agree to relieve you of some of the excess stock. This transaction would be done by a transfer at cost price.

In addition to the usual transfer to other supply officers, you may have the occasion to transfer ship's store stock to the Marine Corps, to other government departments such as the Army and Air Force, to ships operated by the Maritime Administration, or even to foreign governments or vessels. In each of these cases, you should try to negotiate a cash sale rather than a transfer. However, if a transfer is the only alternative, you should carefully follow the procedures detailed in the NAVSUP P-487.

Issues

According to the NAVSUP P-487, there are eight individual types of issues you may use to expend stock. By far, the most frequent type of issue you will make is an issue for use to a service activity. For example, an issue for use occurs whenever you issue operating supplies (such as bleach or combs) to the laundry or barbershop, display articles for the ship's store, or repair parts for vending machines.

An issue for use takes place as a transfer of stock from a responsible custodian to the operator of another ship's store facility whenever the stock is intended for use and there is no reimbursement for the value of the issued stock. In other words, only stock that you issue for use in a service activity should be expended from the operation at the time of issue. Since you will not receive cash in reimbursement for the issued stock, you should consider any issue for use as a cost of operations transaction. At the end of the accounting period, you must use your profits from the ship's store to reimburse the Navy Stock Fund for the value of the issued materials.

As a supervisor, you should make certain your ship's store personnel recognize the difference between an issue for use and a breakout. Errors in these two categories are easy to make as a

NAVSUP 973 (Intrastore Transfer Data) is used for both transactions. In considering whether a breakout or issue for use is required, you need only consider the purpose of the transfer. If the item is going to be sold either directly or after further processing, then a breakout is called for (when a separate operation exists). If the item is going to be consumed or used in the operation of a ship's store facility, then an issue for use is called for and the item should be expended as a cost of operation.

Another type of issue that your ship's store personnel can confuse with an issue for use to a service activity is an issue for ship's use. You can make an issue for ship's use to any department aboard ship and this issue will have nothing whatsoever to do with costs of operation. Reimbursement for an issue for ship's use should be made from the operating target (OPTAR) of the ship and not from ship's store profits. An example of an issue for ship's use is when you issue clothing items to the ship's electricians to be worn by the electricians when they are handling batteries.

Perhaps the biggest problem you will have in the area of issues for ship's use is controlling the number of these issues. Once the other departments of your ship discover that they can obtain certain stock from the ship's store, they may depend on the ship's store too much. For example, other departments might try to obtain issues of clothing for all sorts of jobs. You should be able to help the ship's store officer in reminding the other departments that all issues are charged against their share of the OPTAR. The letter or instruction that grants the supply officer the authority to issue ship's store stock for ship's use should outline clearly under what circumstances this type of issue will take place.

Other types of issue are those you will make for health and comfort items to survivors of marine and aircraft disasters, to merchant ships in distress, for burial of the dead, to Marine Corps personnel, to the general mess, and to first enlistment personnel. These will occur much less frequently. You should know the procedures you must use for each type of issue. You can find the details for these procedures in the NAVSUP P-487. Make certain your personnel follow these procedures exactly.

Surveys

In spite of all your efforts to run a perfect operation, there will be times when accidents or events will result in loss of or damage to your

ship's store stock. At such times, you should be able to determine if, when, and how you can use a survey. You will use the survey method to expend stock from your records and accounts when stock items have been lost or damaged, have deteriorated, or are otherwise unsuitable for use or sale. This section deals with several of the alternatives you should consider when you must survey for losses in the value of your stock.

Under certain circumstances, such as loss of stock by evident theft, you must immediately prepare a survey request. These circumstances are discussed in detail in NAVSUP P-487. Under other conditions, however, you are not required to prepare a survey request at the time of survey. The ship's store officer initiates a survey by requesting that an immediate inspection of the stock involved be made by the formal surveying officer.

Ship's store surveys are distinct in several ways. The most important distinction—also the most frequently abused—is that the value of a ship's store survey should be charged to one of three different appropriations: the Navy Stock Fund (17X491 1.23 10); Ship's Store Profits, Navy (General Fund) (17X8723.23 10); or Ship's Store Profits, Navy (own ship) (17X8723.2301). Since charging a survey to the correct appropriation is so important and easy to foul up, what guidelines should you follow? The key to your selection of the correct appropriation is the manner in which the stock was lost or damaged.

Before you charge a survey to an appropriation, you must know what the appropriation covers. The information below examines the three appropriations, discusses the types of damage or loss each one is designed to absorb, and explains some procedures you can follow.

NAVY STOCK FUND.— The NAVSUP P-487 is quite specific concerning the types of losses you can survey to the Navy Stock Fund. In general, this appropriation covers any loss or damage that does not result from negligence or misappropriation on the part of shipboard personnel.

Specifically, the Navy Stock Fund pays for any loss or damage in shipment including underway replenishment, except for concealed losses. The Navy Stock Fund also covers act of God losses or damages by fire, water, or oil. You should generally interpret these disasters to mean large-scale fire, water, or oil damage that was not incurred by negligence or willful destruction on the part of a human being. For example, a fire

caused by faulty wiring would be properly chargeable to the Navy Stock Fund, even if proper electrical procedures had not been followed. However, if the store operator drops a cigarette and burns a hole in a billfold, the Navy Stock Fund will not cover the damages. You can charge all clothing losses to the Navy Stock Fund, regardless of cause. This is because the handling of clothing cannot affect ship's store profits.

SHIP'S STORE PROFITS, NAVY (GENERAL FUND).— The Navy Resale and Services Support Office (NAVRESSO) maintains a fund to cover various expenses for ship's stores in the fleet. This fund is financed by part of the assessment of sales paid every accounting period by each ship's store afloat. Some of the expenses the General Fund covers are certain types of surveys. Actually, you will rarely ever use the General Fund for a survey of ship's store stock. You must be aware, however, of the specific circumstances under which you can charge a survey to this appropriation. By using this fund correctly, you can prevent losses to your own ship's store profits.

There are two instances when you can properly charge a survey to the General Fund (GF). First of all, you can charge any survey of \$25 or more covering concealed losses or damage upon receipt of stock from a Navy transshipping activity. Losses and damage to goods are considered to be concealed when there are no visible signs of damage upon arrival of the shipping container. However, before initiating a General Fund survey, you should send a letter to the responsible vendor explaining all the facts about the loss or damage and requesting replacement or reimbursement. If you receive a replacement of the lost or damaged merchandise, you can cancel the survey. If the vendor reimburses you, you should go ahead and process the survey and charge it to your own ship's store profits. As explained in NAVSUP P-487, you should report the amount of the reimbursement as a contribution to your own ship's store profits.

If the vendor does not replace the merchandise or does not agree to a reimbursement, you should forward the survey to NAVRESSO along with copies of the correspondence with the vendor. If the survey in this situation amounts to less than \$25, you should charge it to your own ship's store profits. You can charge any losses or damage upon receipt of merchandise directly from Navy activities to the Navy Stock Fund. Do not accept any damaged articles that you receive directly from a vendor.

The only other circumstance under which you can request a survey to Ship's Store Profits, Navy (General Fund) is when your own ship's profits are considered inadequate to absorb the cost of a large loss and you cannot properly charge the loss to the Navy Stock Fund. The value of the survey must generally be larger than the expected profits from the accounting period. An example of this condition is when there is a break-in and a large amount of merchandise is lost through theft.

If there is a large loss of merchandise that profits from your ship's store during the current accounting period will not cover, a DD 200 (Report of Survey) should be prepared as a charge to Ship's Store Profits, Navy (General Fund). The ship's store officer will usually prepare the DD 200 to report the survey. The surveying officer will then conduct a review of the survey. After an inventory has been made and a review of the DD 200 has been completed by the surveying officer or survey board and the DD 200 has been approved by the commanding officer, the original and four copies of the report should be sent to NAVRESSO for approval. Until the survey is approved by NAVRESSO, the value of the loss should be carried as inventory.

If the survey is approved by NAVRESSO, the total approved amount should be included in the amount that is entered in the Journal of Expenditures (NAVSUP 978) as Survey (SSPN GF). The total approved amount should also be entered on line B23 or line B27 (as applicable) on the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT 153). At the end of the accounting period, the total money value that was approved by NAVRESSO to be charged to Ship's Store Profits, Navy (General Fund), should be included in the amount that is entered on line C07 of the NAVCOMPT 153. If the survey is not approved by NAVRESSO, the loss should be expended to local ship's store profits on line B23 or line B27 (as applicable) of the NAVCOMPT 153.

SHIP'S STORE PROFITS (OWN SHIP).—

The value of any surveys that you cannot properly charge either to the Navy Stock Fund or to Ship's Store Profits, Navy (General Fund), you must charge to local ship's store profits. The most common examples of a local profit survey are those covering misappropriation and negligence. Another example is if you fail to accomplish timely markdowns of perishable stock resulting in stock that is unfit for sale at any price.

A markdown is always preferable to a local profits survey, since some of the original value of the stock may be returned from sales.

Besides charging a survey to the correct appropriation, you will also be faced with other considerations in your use of the survey method to expend ship's store stock. In your supervision of ship's store expenditures by survey, you may have to account for merchandise you receive after you have surveyed it as missing in shipment. On occasion, you may also be required to revalue ship's store stock instead of expending it totally by survey. Both these techniques are discussed in the information that follows.

SURVEYED MATERIAL SUBSEQUENTLY RECEIVED.— Ship's store stock may be received after it has been surveyed as missing in shipment. The receipt of the surveyed material should be covered by a Requisition and Invoice/Shipping Document (DD 1149). The DD 1149 will credit the appropriation that was previously charged by the survey. No entry should be made to the Journal of Receipts (NAVSUP 977), however, a credit entry (a minus entry in red ink) should be posted to the Journal of Expenditures (NAVSUP 978). The items received should be entered on the Stock Record (NAVSUP 464) in the Expenditure column as a minus entry in red ink. The word Survey should be entered in the Received From/Expended To column of the NAVSUP 454.

REVALUATION OF STOCK.— Another aspect of the survey method you can use to expend ship's store stock is to revalue the stock so you can sell it at a reduced price. By this method, you are surveying only part of the money value of the stock as you are recovering a part of your expenditure through sales.

The question that may cross your mind is, Wouldn't a markdown accomplish the same goal with less trouble? The answer is that in many cases it would. Markdowns always charge local ship's store profits. If items were damaged through negligence or poor stock control, or for any other reason that would properly charge local profits in a survey situation, a markdown would be the proper course of action. However, to mark down items that are damaged upon receipt or unintentionally damaged by fire, water, or oil would be improper since damage of this sort is properly chargeable to the Navy Stock Fund.

You should never mark down Navy clothing items. You should always revalue Navy clothing items by survey since clothing cannot affect

profits. To account for any gains or losses resulting from the handling of Navy clothing items, you should credit or charge the Navy Stock Fund.

You may have items of clothing that have become shopworn (soiled from exposure or handling) or damaged by smoke or water to such an extent that they cannot be sold at the standard price. If laundering or dry cleaning will restore wearability with a reasonable expectation that the purchaser will obtain normal wear, you should survey (revalue) these items and place them in stock at 25 percent of the standard price. (Prices should be rounded off the next higher \$0.05.)

You may have items of clothing with minor defects such as split seams or missing buttons. Although you cannot sell them at standard price in this condition, you can have them repaired. You can then sell the items at standard price as long as wearability is restored. You should charge the cost of the repairs to the Navy Stock Fund.

If the clothing does not meet any conditions for revaluation or repair, then you should expend it from the records as a loss by survey.

Sales

The fourth major type of expenditure in the ship's store is sales. Accountability is actually not reduced in this case since cash is received in place of the stock expended. The supervision of ship's store sales will be discussed in chapter 6 of this training manual. The information below will discuss some of the techniques of retail merchandising you can use to expend ship's store stock,

Price Changes

A price change is any change in the value of an item of stocked merchandise. Price changes can occur for a variety of reasons and are a necessity for any effective retail operation. As a leading Ship's Serviceman, you should not only be able to supervise the procedures involved in accomplishing a price change, but you must also be aware of the reasons for and causes of price changes. You should be able to advise the ship's store officer when a price change is called for.

A markon is an increase in the selling price of an item of merchandise. A markon will cause an increase in the monetary responsibility of the custodian in charge of the retail outlet. You may advise a markon when there is a substantially increased cost price on a new receipt of merchandise already carried. Since all the particular

items are carried at the new cost price, the old selling price may be insufficient to generate the desired profit margin. Other possible reasons for a markon might be a change in the pricing policy of the ship's store officer or a desire on the part of the commanding officer to increase store profits in order to increase the ship's recreation fund.

A markdown is a decrease in the selling price. A markdown causes a decrease in the monetary responsibility of the ship's store operator. If the retail price is marked down below the cost price, then there is actually a decrease in the value of Navy Stock Fund material. This expenditure from the NSF is reimbursed by profits at the end of the accounting period.

The existence of markdowns in an operation is not necessarily bad. In fact, a reasonable number of markdowns during an accounting period is considered healthy. It is an indication that you are exercising some degree of stock control. After all, items that you cannot sell are no asset to your store. They are tying up money you could use to purchase more desirable stock. Although an item that is reduced in price generates less profit or even a loss per item sold, the end result of a timely markdown is an increase in profits. The increase in profits will result from larger customer volume and interest, increased storeroom capacity, and a larger amount of available buying capital. Of course, markdowns must be done selectively since too many markdowns can only result in decreased profits for your store.

The following is a list of reasons for possible markdown action in a ship's store operation.

- Reduction in cost price on a new receipt of merchandise already in stock
- A desire to generate less in store profits and pass the savings on to the customers
- A change in pricing policy of the ship's store officer
- Excess stock because of overbuying
- Dead stock because of unpopular or saturated items
- Merchandise that is going out of style
- Excess seasonal merchandise after the season has reached its peak
- Perishable stock such as candy or film that has become old and outdated

- Defective or dirty merchandise that cannot be returned to the vendor

- Increase in customer interest and volume with specials

The above reasons set up some guidelines but do not really answer the questions when and how much. There are no simple answer. For excess or dead stock, a general rule you can follow is to mark an item down whenever it will not sell at its present price. Mark it down to a level that will stimulate sales. Mark down seasonal items just before the end of the season, not after the season is over. Trial and error is probably your best method of learning. You should not be afraid to experiment occasionally.

One procedure you should avoid is marking down items progressively, such as 5 percent each week. Your customers will soon discover they can just wait around until the price has reached bottom. When you have decided an item is to be marked down, go ahead and cut the price sufficiently so you can sell the item. Whether the markdown is 5 percent or 50 percent, establish it and stick to it.

Another price change is the markdown to zero. Some ship's store stock items that do not require a survey can be marked down to zero and charged to ship's store profits. You can use a markdown to zero to expend ship's store stock items under the following circumstances.

- Stock items that are damaged or broken and have no resale value. The total cost value per line item cannot exceed \$25.

- Items of stock that have deteriorated beyond salability as a result of overage. The total cost value should not exceed \$25 per line item.

- Items of stock that are shopworn and have no resale value. The total cost value should not exceed \$25 per line item.

- Food or beverage items of stock that are considered to be unfit for human consumption, as certified by the medical department.

- Concealed losses or damages. The total cost value should not exceed \$25 per line item.

Under the circumstances listed above, the items should be marked down to zero and then expended as a cost to ship's store profits according to the procedures outlined in your NAVSUP P-487. You must use a Retail Price Change (NAVSUP 983) that has the following

certification signed by the senior Supply Corps officer on board. (This authority cannot be delegated.)

"I personally have seen the merchandise hereon marked down to zero and have ordered it destroyed."

Senior Supply Officer On Board

Price Adjustments for Standard Navy Clothing

The sale of Navy clothing in a ship's store afloat is handled as a service to the crew. No profit or loss is to be derived from it. Prices for Navy clothing are standard throughout the Navy. Clothing is received from supply activities and sold at the standard price. However, situations will develop that will make it necessary for you to revalue certain clothing items in order to avoid absorbing profit or loss.

The most common of these situations is the standard price adjustment. Annually, on October 1, and occasionally at other times, standard prices for Navy clothing are issued to all ships. They are based on existing cost prices to the Navy, and may, of course, vary from year to year. When a change in price occurs for any item stocked, you must revalue the number of items you have in stock (as determined by inventory) to the new standard price.

The other type of price adjustment for standard Navy clothing is a purchase variance. A purchase variance occurs when standard Navy clothing items are received from a commercial vendor. A purchase variance equals (1) the difference that results when the unit cost price of an item of standard Navy clothing is rounded off to the nearest cent, or (2) the difference that exists between the standard price and cost price of a standard Navy clothing item.

To account for ail gains and losses resulting from standard price changes and purchase variances, you must make certain that a separate original and one copy of the NAVSUP 983 are prepared. (Consult the current NAVSUP P-487 for detailed procedures for preparing the NAVSUP 983.) All gains and losses must be credited or debited to the Navy Stock Fund. The original NAVSUP 983 should be filed in the Fiscal Gains or Losses File (SSA-15), and the copy should be filed in the Accountability File (SSA-21).

The new unit cost of an item that results from a change in the standard price should be recorded

on the NAVSUP 464. Receipt and expenditure adjustment entries should be made in the Ship's Store Afloat Financial Control Record (NAVSUP 235) and in the Journal of Receipts (NAVSUP 977) or the Journal of Expenditures (NAVSUP 978). Any adjustment entries should be made as of the effective date of the price change.

Claims for Reimbursement for Personal Property

Occasionally, an issue in kind may be made by the ship's store officer to enlisted personnel for personal property lost, destroyed, damaged, captured, or abandoned incident to service in the U.S. Navy. You should be aware that such a claim differs from a claim for reimbursement as a result of loss or damage to personal apparel through the operation of a ship's store laundry, dry-cleaning facility, or tailor shop. The latter type of claim is a charge against ship's store profits and appears on the Ship's Store Operating Statement (NAVCOMPT 153, Ship's Store Balance and Profit and Loss Statement). This document will be discussed later in chapter 7. The authority for reimbursement for personal property lost, destroyed, damaged, captured, or abandoned incident to service is contained in Title 31, U.S. Code 240-243. The regulations governing the submission and adjudication of such claims are published in the *Manual of the Judge Advocate General*, chapter XXI. The procedures for completing such a reimbursement are contained in NAVSUP P-487. Whenever enlisted personnel, including chief petty officers, submit a claim adjudicated by the commanding officer for loss of personal property, the ship's store officer must reimburse them in kind from available stock in the ship's store. Reimbursement for items that are not available should be made in cash. Detailed procedures are contained in your NAVSUP P-487.

Disposition of Excess Stock

As a supervisor and assistant to the ship's store officer, you should be able to recommend the type of expenditure that will best accomplish the desired effect. For example, if, as a result of a monthly stock record review, you discover that an excess of stock exists for some items, then you should be able to recommend a method of disposal for the excess items. An excess of stock exists when your monthly stock record shows that perishable and catalog items exceed 3 months' requirements and that any other items exceed 6 months' requirements. In determining excess

stock, you should consider the normal deterioration rate of the item as well as the anticipated type of operation of your ship.

You can dispose of excess stock by any of the following methods.

- Reduction in price for sale on board
- Transfers to other supply officers (as a result of an excess stock list or agreement between supply officers)
- Sales to Navy exchanges and other military activities
- Return to vendor for cash or credit refund (to be discussed later in this chapter)

Excess clothing stock in new unused condition should be transferred on a DD 1149 to any shore activity carrying such stock.

You should dispose of items in stock that are obsolete or shopworn by taking deep markdowns to effect rapid sale. You should dispose of by survey any items that are damaged or deteriorated or just not salable.

Disposal of Foreign Merchandise

You can return unsold/undamaged foreign merchandise for refund in both the Sixth Fleet Foreign Merchandise Program established in Rota, Spain, and Naples, Italy, and in the Pacific Fleet Foreign Merchandise Program established in Yokosuka, Japan, and Subic Bay, Republic of the Philippines. Foreign merchandise should NOT be returned to CONUS except in the event of unexpected emergency deployment and then only with the specific permission of COMSERVFORSIXTHFLT or COMNAVLOGPAC as appropriate. A copy of the request to COMSERVFORSIXTHFLT or COMNAVLOGPAC (as appropriate) for return of foreign merchandise to CONUS must be forwarded to NAVRESSO. The commanding officer is responsible for complying with all customs regulations in the event authority is obtained for return of any foreign merchandise.

Miscellaneous Transactions

There are several miscellaneous transactions that will occur periodically. As a senior Ship's Serviceman, you should be aware of the procedures involved. You must be prepared to handle the documentation and posting.

GUARANTEED SALES.— Procurement of items on a guaranteed sales basis or other conditions permitting return for credit is restricted to magazines, periodicals, and other printed matter;

CREDIT MEMORANDUM.— Assume that you received stereo albums valued at \$75 cost in January. At the end of February, you still have

If your ship's store is operating under separate accountability and the albums are located in the retail store, you should prepare an Intrastore Transfer Data (NAVSUP 973) to expend the retail value of the albums from the Retail Store column of the Financial Control Record (NAVSUP 235). You should then transfer the albums to the bulk storeroom. You should always follow this procedure before returning any merchandise in a separate operation.

The recordskeeper then should prepare a DD 1149 listing the quantity of stock returned, the unit cost prices, and the cost extensions. (See fig. 5-1.) The quantities returned should be

79.61

5-15

expended from the Stock Record (NAVSUP 464), and the total balance should be reduced. No entry is made on the cost records (Journal of Receipts and Journal of Expenditures) since the Navy's obligation to the vendor remains unchanged. The vendor then signs the original DD 1149 to acknowledge receipt and issues a credit memorandum to your ship.

A month later, your ship's store may decide to order more albums—cost value \$80. The vendor can then apply the \$50 credit memorandum to your order. You should prepare an Order for Supplies or Services/Request for Quotations (DD 1155) showing \$30 as the net amount to be paid. Upon receipt, the full quantities received are posted to the Stock Record (NAVSUP 464), and the net amount is reported in the Journal of Receipts (NAVSUP Form 977). The DD 1155 is handled as a regular receipt from purchase. The original DD 1149 (signed by the vendor) should be placed in the ship's store officer's Accountability File.

At the end of the accounting period, if exchanged items have not been received for the items returned or if a credit memorandum has been received but has not been applied toward procurement of new items, the dollar value of the returned items must be carried as part of the inventory. The document number, date, and dollar value of each transaction should be listed on the last page of the inventory.

CASH REFUND.— Using the same situation as above, assume that your ship's store does not deal with this vendor very often. In this case, you would advise the ship's store officer to request a cash refund instead of a credit memorandum.

The recordskeeper prepares an Intrastore Transfer Data (NAVSUP 973) to expend the value of the items from the Retail Store column of the Ship's Store Afloat Financial Control Record (NAVSUP 235) and to transfer the quantity to the bulk storeroom. A Memorandum Requisition and Invoice/Shipping Document (DD 1149) extended at cost price should be prepared and used to expend the returned quantity from the Stock Record (NAVSUP 464). The vendor will acknowledge receipt of the returned merchandise by signature on the DD 1149. When the retail outlet and the bulk storeroom are operated by the same person, a DD 1149, extended at both cost and retail price, should be prepared and used to expend the quantity and value of the returned items from the NAVSUP 464 and NAVSUP 235. The vendor will acknowledge receipt of the

merchandise by signature on the DD 1149, except for any material returned to the vendor by registered mail. (In this case, the registered receipt from the post office should be attached to the accountable copy of the DD 1149 pending receipt of the signed copy from the vendor.) The responsible custodian will be provided a signed copy of the credit memorandum for all stock returned. Sound business practice dictates that all credit memorandums and cash refunds be liquidated promptly. If, after a reasonable time period, liquidation has not yet taken place and difficulties are encountered, you should request assistance from NAVRESSO. Be sure to send copies of all correspondence with the vendor to expedite NAVRESSO's assistance. The documentation involved is illustrated in figure 5-2. More detailed information is contained in your NAVSUP P-487.

EXCHANGE FOR SIMILAR ITEMS.—

Whenever you return items for new similar items, you must prepare a DD 1149 to cover the material you are returning to the vendor. The vendor, or an authorized representative, must sign the original invoice acknowledging receipt of the material. You should expend any items you return to the vendor from the appropriate NAVSUP 464 unless the items exchanged are identical in all respects. If the items to be exchanged are located in a retail store, you must also prepare a NAVSUP 973.

If the items you receive are not identical in all respects to the items you have returned to the vendor, you must post the new items as a receipt on the appropriate NAVSUP 464. If the new items are additional stock items, you should prepare a NAVSUP 464 to post the new items as received for stock and resale. The DD 1149 should be assigned an expenditure number and should be filed in the Expenditure Invoice File (SSA-14). At the end of the accounting period, the document number, date, and money value of each unliquidated exchange should be entered on the last page of the inventory.

MERCHANDISE RETURNED FOR MATERIAL OF EQUAL VALUE.—

If the money value, at cost, of the items exchanged equals the money value of the new similar items received from the vendor, your DD 1149 should indicate the item, quantity, unit cost, and extension of both the item returned and the replacement item. You should use normal posting procedures for this transaction.

REQUISITION AND INVOICE/SHIPPING DOCUMENT									
1. ENTER UIC, NAME AND HULL NO. OF SHIP					2. ENTER DATE				
3. ENTER NAME AND COMPLETE ADDRESS OF VENDOR					4. NAVSUP PUB 487, PAR. 7530				
5. THIS IS A CREDIT RECEIPT COVERING RETURN OF MATERIAL FOR CASH REFUND.					6. ENTER ORIGINAL PURCHASE ORDER NO.				
7. APPROPRIATION AND NUMBER					8. JULIAN DATE / SERIAL				
17X4911.2310					000 21001 0 000250 7C 00/ DATE / SERIAL 574.05				
9. FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES					10. POST AS AN EXPENDITURE TO NAVSUP FORM 235				
11. THE FOLLOWING TAPES PROCURED UNDER DOCUMENT # ARE RETURNED FOR CASH REFUND:					12. RETAIL EXTENSION				
1. #479 ROCK & ROLL HITS					3 X \$7.25 = \$21.75				
2. #645 RHYTHM & BLUES					5 X \$6.50 = \$32.50				
3. #788 BROADWAY MELODIES					4 X \$8.50 = \$34.00				
					\$88.25				
13. MAKE REFUND CHECK PAYABLE TO THE TREASURER OF THE UNITED STATES AND MAIL TO SHIP'S STORE OFFICER.					14. POST AS AN EXPENDITURE TO NAVSUP FORM 464				
15. I ACKNOWLEDGE RECEIPT OF THE ABOVE ITEMS RETURNED FOR CASH REFUND.					16. CHECK # DATED IN THE AMOUNT OF RECEIVED AND DEPOSITED WITH D.O. ON				
17. VENDOR					18. RECORDSKEEPER COMPLETES				
19. SIGNED BY VENDOR OR VENDOR'S REPRESENTATIVE					20. POST AS A CREDIT RECEIPT (MINUS ENTRY) TO NAVSUP FORM 977				
21. TOTAL					22. \$74.05				
23. ASSIGN RECEIVING NO. FROM NAVSUP FORM 977					24. \$74.05				

**RETURN TO VENDOR FOR CASH REFUND
(COMBINED RESPONSIBILITY)**

REQUISITION AND INVOICE/SHIPPING DOCUMENT									
1. ENTER UIC, NAME AND HULL NO. OF SHIP					2. ENTER DATE				
3. ENTER NAME AND COMPLETE ADDRESS OF VENDOR					4. NAVSUP PUB 487, PAR. 7530				
5. THIS IS A CREDIT RECEIPT COVERING RETURN OF MATERIAL FOR CASH REFUND.					6. ENTER ORIGINAL PURCHASE ORDER NO.				
7. APPROPRIATION AND NUMBER					8. JULIAN DATE / SERIAL				
17X4911.2310					000 21001 0 000250 7C 00/ JULIAN DATE / SERIAL 586.19				
9. FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES					10. POST AS AN EXPENDITURE TO NAVSUP FORM 464				
11. THE FOLLOWING RECORDS PROCURED UNDER DOCUMENT # ARE RETURNED FOR CASH REFUND:					12. RETAIL EXTENSION				
1. #243 DIXIELAND					3 X \$8.00 = \$24.00				
2. #316 JAZZ CONCERT					4 X 6.36 = 25.44				
3. #333 PHILHARMONIC CONCERTO					5 X 7.35 = 36.75				
13. MAKE REFUND CHECK PAYABLE TO THE TREASURER OF THE UNITED STATES AND MAIL TO SHIP'S STORE OFFICER.					14. POST AS AN EXPENDITURE TO NAVSUP FORM 464				
15. I ACKNOWLEDGE RECEIPT OF THE ABOVE ITEMS RETURNED FOR CASH REFUND.					16. CHECK # DATED IN THE AMOUNT OF RECEIVED AND DEPOSITED WITH D.O. ON				
17. VENDOR					18. RECORDSKEEPER COMPLETES				
19. SIGNED BY VENDOR OR VENDOR'S REPRESENTATIVE					20. POST AS A CREDIT RECEIPT (MINUS ENTRY) TO NAVSUP FORM 977				
21. TOTAL					22. \$86.19				
23. ASSIGN RECEIVING NO. FROM NAVSUP FORM 977					24. \$86.19				

**RETURN TO VENDOR FOR CASH REFUND
(SEPARATE RESPONSIBILITY)**

79.62

Figure 5-2.—Return of merchandise to vendor for a cash refund.

MERCHANDISE RETURNED FOR MATERIAL OF GREATER VALUE.— When the money value of items received is greater than the money value of items exchanged you should prepare a DD 1155 showing the following information.

1. New item description, quantity, unit cost, and total money value.

2. Money value of material returned.

3. New amount to be paid (which will be the difference between the total money value of the new items less the money value of the returned merchandise less an authorized discount). In addition to posting the items to the appropriate records, you must report the net amount of the receipt in the Journal of Receipts (NAVSUP 977).

MERCHANDISE RETURNED FOR MATERIAL OF LESSER VALUE.— Ship's store items may not be exchanged for merchandise of lesser value. When returning material for items of lesser value, you should request a credit memorandum or a cash refund. Procedures for these transactions are contained in your NAVSUP P-487.

RECEIPTS FROM OTHER APPROPRIATIONS.— The ship's store will occasionally acquire items from shipboard sources. Other Appropriations was mentioned earlier in chapter 4 as a minor source of ship's store stock. The receipt procedure for this source is unusual as you will post the cost value of the receipt to the Journal of Expenditures (NAVSUP 978) as a credit expenditure.

Receipts from other appropriations are, in effect, "backed" into the Navy Stock Account. Canned fruit juice, for example, would have originally been procured from commercial sources and held at the local Navy supply center in 17X4911 of the NSF. Upon requisition by your ship's food service officer, the canned juice was transferred to the ship's store officer for end use in 17X1453.3140 MPN. When it is received into ship's store stock, it is once again brought into 17X4911 NSF. Rather than showing the same item being received into NSF twice, it is entered on the records in such a manner that the overall receipt totals for the Navy Stock Account show the item only once. This is done by making a negative

expenditure entry on the NAVSUP 978 rather than a receipt entry on the NAVSUP 977. You should post the cost value of the receipt on the NAVSUP 978 (Journal of Expenditures) in the column headed Ship's Store—Other Expenditures with an appropriate notation to show that it is a credit (or negative entry). You should handle the other records in the same manner as for a regular receipt.

AUDITING EXPENDITURES

As with receipts, you should audit expenditure document preparation, posting, and distribution frequently to make sure ship's store returns can be done accurately.

Preparation

Periodically, you should examine the various expenditure documents to find out whether the recordskeeper is observing the procedures detailed in the NAVSUP P-487.

SURVEY.— When auditing a survey document, you should check for the following items (as shown in fig. 5-3).

- Is an Expenditure Invoice Log being properly maintained with separate series numbers provided by the supply officer?

- Are the survey items expended at cost price?

- Are the retail extensions entered on the DD 200 for surveyed items that were in the retail store?

- Is the accounting data recorded correctly? Is the account in which carried always 51000 NSA? Is the correct appropriation charged in the accounting data (17X4911.2310 for Navy Stock Fund surveys; 17X8723.2301 for local ship's store profit surveys; and 17X8723 GF for General Fund surveys)?

- Are the members of the survey board the current appointees made by the commanding officer in writing?

TRANSFERS.— In auditing a transfer, the DD 1149 should be checked for accuracy. You

REPORT OF SURVEY		DATE	ENTER DATE
1. NAME OF PROPERTY		2. SYSTEMS STOCK	
3. ACCOUNTANT'S OR SUPERVISOR'S OFFICE (Name, grade, and signature)		4. ENTER "SEA 51000" THEN SHIP'S UIC, NAME AND HULL NO.	
5. NATIONAL STOCK NUMBER		6. DESCRIPTION	
7. QUANTITY		8. UNIT PRICE	9. TOTAL COST
10. EXPEND FROM NAVSUP FORM 454		11. GRAND TOTAL	
12. IF MERCHANDISE IS CARRIED IN SALES OUTLET, POST ENTRY AS AN EXPENDITURE ON NAVSUP FORM 235		13. ENTER ON NAVSUP FORM 978	
14. RECOMMENDED RECOVERY CHARGE		15. FOR VOUCHER	
16. DATE AND TIME OF SURVEY		17. CONDITION	
18. CAUSE		19. RESPONSIBILITY	
20. SIGNATURE OF SURVEYOR		21. SIGNATURE OF PROPERTY OFFICER	
22. SIGNATURE OF APPROVING OFFICER		23. SIGNATURE OF APPROVING OFFICER	

REPORT OF SURVEY		DATE	ENTER DATE
1. NAME OF PROPERTY		2. SYSTEMS STOCK	
3. ACCOUNTANT'S OR SUPERVISOR'S OFFICE (Name, grade, and signature)		4. ENTER "SEA 51000" THEN SHIP'S UIC, NAME AND HULL NO.	
5. NATIONAL STOCK NUMBER		6. DESCRIPTION	
7. QUANTITY		8. UNIT PRICE	9. TOTAL COST
10. EXPEND FROM NAVSUP FORM 454		11. GRAND TOTAL	
12. IF MERCHANDISE IS CARRIED IN SALES OUTLET, POST ENTRY AS AN EXPENDITURE ON NAVSUP FORM 235		13. ENTER ON NAVSUP FORM 978	
14. RECOMMENDED RECOVERY CHARGE		15. FOR VOUCHER	
16. DATE AND TIME OF SURVEY		17. CONDITION	
18. CAUSE		19. RESPONSIBILITY	
20. SIGNATURE OF SURVEYOR		21. SIGNATURE OF PROPERTY OFFICER	
22. SIGNATURE OF APPROVING OFFICER		23. SIGNATURE OF APPROVING OFFICER	

SURVEY TO THE NAVY STOCK FUND

REPORT OF SURVEY		DATE	ENTER DATE
1. NAME OF PROPERTY		2. SYSTEMS STOCK	
3. ACCOUNTANT'S OR SUPERVISOR'S OFFICE (Name, grade, and signature)		4. ENTER "SEA 51000" THEN SHIP'S UIC, NAME AND HULL NO.	
5. NATIONAL STOCK NUMBER		6. DESCRIPTION	
7. QUANTITY		8. UNIT PRICE	9. TOTAL COST
10. EXPEND FROM NAVSUP FORM 454		11. GRAND TOTAL	
12. IF MERCHANDISE IS CARRIED IN SALES OUTLET, POST ENTRY AS AN EXPENDITURE ON NAVSUP FORM 235		13. ENTER ON NAVSUP FORM 978	
14. RECOMMENDED RECOVERY CHARGE		15. FOR VOUCHER	
16. DATE AND TIME OF SURVEY		17. CONDITION	
18. CAUSE		19. RESPONSIBILITY	
20. SIGNATURE OF SURVEYOR		21. SIGNATURE OF PROPERTY OFFICER	
22. SIGNATURE OF APPROVING OFFICER		23. SIGNATURE OF APPROVING OFFICER	

REPORT OF SURVEY		DATE	ENTER DATE
1. NAME OF PROPERTY		2. SYSTEMS STOCK	
3. ACCOUNTANT'S OR SUPERVISOR'S OFFICE (Name, grade, and signature)		4. ENTER "SEA 51000" THEN SHIP'S UIC, NAME AND HULL NO.	
5. NATIONAL STOCK NUMBER		6. DESCRIPTION	
7. QUANTITY		8. UNIT PRICE	9. TOTAL COST
10. EXPEND FROM NAVSUP FORM 454		11. GRAND TOTAL	
12. IF MERCHANDISE IS CARRIED IN SALES OUTLET, POST ENTRY AS AN EXPENDITURE ON NAVSUP FORM 235		13. ENTER ON NAVSUP FORM 978	
14. RECOMMENDED RECOVERY CHARGE		15. FOR VOUCHER	
16. DATE AND TIME OF SURVEY		17. CONDITION	
18. CAUSE		19. RESPONSIBILITY	
20. SIGNATURE OF SURVEYOR		21. SIGNATURE OF PROPERTY OFFICER	
22. SIGNATURE OF APPROVING OFFICER		23. SIGNATURE OF APPROVING OFFICER	

SURVEY TO SHIPS STORE PROFITS, NAVY

Figure 5-3.—Auditing a survey.

should ask yourself questions similar to the ones below. (See fig. 5-4.)

Keep the following questions in mind. (See fig. 5-5.)

- Was a number assigned from the Expenditure Invoice Log?
- Is correct accounting data being used?
- Are the transfers summarized monthly on a NAVCOMPT 176?
- Are the items requested authorized for issues for use?
- Does the NAVSUP 973 have all three required signatures?
- Is a number assigned from the Number Control Log (NAVSUP 980)?
- Are price extensions and totals correct?

ISSUES.— When you are auditing an issue for use, you should examine the NAVSUP 973.

REQUISITION AND INVOICE/SHIPPING DOCUMENT

1. FROM: ENTER UIC, NAME AND HULL NO. OF REQUESTING SHIP

2. TO: ENTER UIC, NAME AND HULL NO. OF TRANSFERRING SHIP

3. SHIP TO: WARE FOR: TRANSFER TO SHIPS STORE OFFICER, USS

4. APPROXIMATION AND CIPHER: 17X4911.2310

5. OBJ CL: 000

6. SUB CONT NO: 21001

7. SUBAL LOT: 0

8. AUTHORIZATION ACT G ACTIVITY: 000250

9. SHIP'S UIC: 7C

10. DATE MATERIAL REQUIRED: 1

11. DATE SHIPPED: 1

12. AUTHORITY OR PURPOSE: NAVSUP PUB 487, PAR. 7200

13. SIGNATURE: J. BOGGIO, ENS, SC, USNR

14. VOUCHER NUMBER AND DATE: 0000/ JULIAN / DATE / SERIAL

15. AMOUNT: \$85.92

16. FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES

17. QUANTITY REQUIRED

18. UNIT PRICE

19. TOTAL

20. AFTER SHAVE LOTION, OLD SPICE, 4.25 OZ, PLASTIC BTL S/N: 110000-2293

21. WATCH, MEN'S, CASIO, GOLDTONE S/N: 411190-0165

22. EA 24

23. EA 2

24. \$2.60

25. \$11.76

26. \$62.40

27. \$23.52

28. APPROVED FOR TRANSFER: J. O'Leary, ENS, SC, USNR

29. RECEIVED BY: DATE

30. POST AS RECEIPT TO NAVSUP FORM 464

31. POST TO NAVSUP FORM 977

32. TRANSPORTATION VIA RATE OR RATE CHANGABLE TO

33. SPECIAL HANDLING

34. CUSTOMER RECEIVED AS NOTED

35. QUANTITIES RECEIVED AS NOTED

36. POSTED

37. SHEET TOTAL: \$85.92

38. GRAND TOTAL: \$85.92

39. 20 RECEIPTS VOUCHER NO.

40. FORM 1149 19 PT

41. REPLACES EDITION OF 1 MAY 56 WHICH MAY BE USED

42. STOCK NO 010 804 8010

Figure 5-4.—Auditing a transfer.

79.65

5-21

PRICE CHANGE.— In auditing a price change, you should examine the NAVSUP 983. You should carefully check the form by keeping questions such as the following in mind. (See fig. 5-6.)

- Was the type of price change recorded on the NAVSUP 983?

- Does the NAVSUP 983 show the difference between the original cost price and the new cost price and the difference between the original selling price and the new selling price, multiplied by the number of units on hand?

- Was a number assigned from the Number Control Log (NAVSUP 980)?

- Was the reason for the price change entered for each item?

- Was correct accounting data used?

Posting

For each type of expenditure, you must also check to see that quantities and totals are posted to the applicable ship's store records. You should spot check the Stock Record (NAVSUP 464) cards of various expended items to ensure that the decrease is properly recorded. You should then check the Journal of Expenditures (NAVSUP 978) against expenditure documents to make certain the total cost value of the expended items is being posted to the appropriate column. For any expenditure documents containing items that were in the retail outlet at the time of expenditure, was the retail total posted to the Financial Control Record (NAVSUP 235)? In a combined operation, of course, all expenditures would be posted to the Financial Control Record.

Distribution

Finally, you should check the various expenditure files to learn whether documents are being properly distributed. You should use the appendixes of this rate training manual as an aid. Some of the questions you should ask yourself are listed below.

- Is a copy of each document to which an expenditure invoice serial number has been assigned filed in the Expenditure Invoice File?

- Has a copy of each survey been forwarded to the appropriate FAADCLANT or FAADCPAC?

- Are surveys to the Navy Stock Fund filed on board with the surveying officer?

EXPENDITURES OF OTHER SUPPLIES

As mentioned before, you, as duty supply officer, may be required to perform certain functions of supply that go beyond your rating. As the duty supply representative, you may be requested to expend supply material. An expenditure, in supply management, is one of the following transactions.

- Issue
- Transfer
- Survey

Each of these will be briefly discussed and the appropriate references for detailed coverage will be stated.

Issues

All issues of ship's store stock should be made at cost price except health and comfort items. Issues of health and comfort items should be made at prescribed retail prices. All issues of standard Navy clothing items must be made at standard issue prices. All health and comfort issues must be made from retail outlets and transactions must be posted to the Ship's Store Afloat Financial Control Record (NAVSUP 235). The retail and cost prices and extensions should be shown on the Requisition and Invoice/Shipping Document (DD 1149) covering retail items. Issues made from the ship's store should be limited to the following circumstances or conditions:

1. For health and comfort items
2. To survivors of marine and aircraft disasters
3. To merchant ships in distress
4. For burial of the dead
5. To Marine Corps personnel
6. To the enlisted dining facility (general mess)
7. For ship's use (OPTAR)
8. For use in services activities

MARKDOWN BELOW COST PRICE (COMBINED RESPONSIBILITY)

MARKDOWN BELOW COST PRICE (SEPARATE RESPONSIBILITY)

Figure 5-6.—Auditing a price change.

Under all circumstances, the commanding officer (or his delegated representative) must approve all issues for health and comfort items on a Request and Receipt for Health and Comfort Supplies (DD 504). The commanding officer must approve all issues for standard Navy clothing on a Requisition Receipt, Men's (NAVSUP 28) or a Requisition Receipt, Women's (NAVSUP 28A). Before the forms are sent to the commanding officer for approval, the member's name, social security number, and pay status should be verified and a photostat copy of the member's ID card should be attached to the forms.

Detailed instructions on issue procedures can be found in the NAVSUP P-485, NAVSUP P-487, and in the rate training manual *Scorekeeper 3 & 2*.

Transfers

A transfer is the movement (including turn-in) of material from the custody and records of a ship to the custody and records of another ship or shore activity.

Equipment or material cannot be transferred from Navy ships without the approval of the commanding officer. Supply officers, however, may obtain blanket authority from the commanding officer to make transfers. Such authorization is normally provided through the ship or supply department organization manual. Under no conditions are stores to be transferred without the knowledge and authority of the supply officer.

In transferring material to afloat forces, you must use a DD 1348. The detailed procedures for carrying out such a transfer are found in the NAVSUP P-485 and in *Storekeeper 3 & 2*. The basic procedure you should follow is listed below.

1. Check stock records to be sure you have the material on hand.
2. Get approval for the transfer.
3. Prepare a DD 1348 or a DD 1348-1.
4. Send a copy of the invoice to the storeroom as authority for the transfer.
5. Transfer the material to a working party of the requesting activity, taking a receipt from the officer or petty officer in charge.
6. Return the transfer document to the supply office for processing by the recordskeeper.

In transferring material to ashore supply activities, you will use a DD 1348-1 or a DD 1149. For detailed procedures concerning material

turn-in, you should consult the current NAVSUP P-485. You will normally turn material in to an ashore activity for one of the following reasons.

- The material is no longer required.
- The quantity held is in excess of your allowance or in excess of your authorized high limits.
- The material is in need of repair, represervation, or is being turned in for salvage.

There are various other specialized types of transfers you may need to use, such as a transfer of stock to the Marine Corps or to merchant ships. Detailed instructions for these types of unusual circumstances are found in the NAVSUP P-487. You should consult this publication before you make any specialized transfer of stock.

Surveys

A survey is the expenditure procedure required by *U.S. Navy Regulations* for naval material of the following categories.

- Condemned as a result of damage, obsolescence, or deterioration
- Appraised as a result of loss of utility
- Acknowledged as nonexistent as a result of loss or theft, necessitating the removal of the accountable material from the records of the holding activity

The requirements for a survey action and detailed procedures for carrying out a survey are found in the NAVSUP P-485 and in *Ship's Serviceman 3 & 2*, module 2. You should consult these publications for the procedures you should follow for cost survey actions.

EXPENDITURES ON SHIPS WITHOUT SUPPLY CORPS OFFICERS

All the basic types of expenditures can be done aboard ships without Supply Corps officers. However, there are some variations with which you should be familiar. Detailed procedures are contained in your NAVSUP P-487.

If you are on a ship without a Supply Corps officer, you should forward the original and one copy of each expenditure document to the appropriate FAADC at the end of the month. You should post expenditures only to an Expenditure Invoice Log and to the Stock Tally (NAVSUP 209) cards. There is no Journal of Expenditures (NAVSUP 978) on a ship without a Supply Corps officer.

SURVEYS

You must carry out surveys of ship's store stock by a formal survey. You should make all survey expenditures of ship's store stock at the unit cost price on the Report of Survey (DD 200). You will not prepare surveys for money value only.

ISSUES

Since ships without Supply Corps officers generally have one person in charge of both the bulk storeroom and the retail store, a breakout document is not required. However, issues for use to the barbershop or laundry must be documented on an Intrastore Transfer Data (NAVSUP 973). Other types of issues, such as gratuitous issues and issues for health and comfort items, are discussed in detail in the NAVSUP P-487,

SALES TO NAVY EXCHANGES

On a ship without a Supply Corps officer assigned, you can expend ship's store stock by sales to Navy exchanges. Sales of stock from your ship can be made to Navy exchanges by mutual agreement except in the case of tax-free tobacco products. You cannot sell tax-free tobacco products to any Navy exchanges located in the United States.

For products other than tax-free tobacco, you can use sales to Navy exchanges to dispose of excess ship's store stock. On each invoice

concerning a sale to a Navy exchange, you must enter the following statement.

"Make checks payable to the Treasurer of the United States."

Details concerning procedures you should follow for making sales to Navy exchanges from a ship without a Supply Corps officer assigned are found in the NAVSUP P-487.

Up until now, you have probably been involved with the routine maintenance of ship's store stock and sales records, invoices, dealer's bills, and other standard records. As a senior Ship's Serviceman, you will find that the scope of your work will increase in terms of control, accountability, and responsibility. From the time ship's store stock is ordered until after it is expended from the records, you may be governing the accuracy with which the stock is maintained and accounted for in the records. Your span of control will increase as you begin to supervise the work of other people as they perform the routine receipt and expenditure tasks that are so important for a successful ship's store operation. Your responsibilities will increase as you make certain your people are performing their duties correctly and an accurate accounting exists for all stock in and out of your ship's store. Your accountability will increase as you begin to audit the procurement, receipt, and expenditure documents and records for your ship's store stock. Just as you must verify the accuracy of your records, you will also use this information for your internal stock and financial reports.

In your responsibilities for the receipt and expenditure of ship's store stock, you must become a successful auditor and supervisor. Your success at these duties will depend largely upon your knowledge of the correct procedures and your ability to make certain they are being followed correctly. The information presented in this chapter and in the references cited was designed to help you accomplish these goals.

